



## Legislative Update September 2006

### **SB 840 (Kuehl): Single-Payer Healthcare – *DEFEATED***

NAIFA-California is pleased to inform its membership of the Governor's intent to **VETO** SB 840 (Kuehl), which would have established a government-run healthcare system. As an association representing health insurance agents in California, NAIFA-California understands the importance of health care coverage and the need to address the issue of the uninsured. However, NAIFA-California argued that the negative impacts that SB 840 (Kuehl) would have had on the health insurance marketplace and the overall economy in California would have out-weighed the benefits of creating a single-payer system.

SB 840 would have eliminated the current system of health insurance coverage within two years of funding in favor of a government-run universal health care system. Current insureds would have lost their health care coverage and it would have been replaced with a new benefit structure determined by what government felt it could afford, not on what the consumer may want or need. Generally speaking, people do not appreciate visiting an understaffed government run bureaucracy for their personal needs. Why would they then want to utilize a government program or go to a new governmental bureaucracy for something as important as their health care?

Furthermore, NAIFA-California argued that an agent's role in the health insurance marketplace is essential. Agents assist consumers with finding the type of health coverage that best suits the needs of individuals and their families. They play an integral role in the health insurance marketplace and should be included in the distribution and servicing of any new program developed by the state to provide individuals with health care coverage.

Over the month of August, NAIFA-California actively opposed SB 840 by instituting a successful grassroots campaign to combat the misguided piece of legislation. Grassroots alerts were sent out statewide encouraging NAIFA-California members to voice their opposition to SB 840 and the detrimental impacts it would have had on the health marketplace.

While the current battle over SB 840 is coming to a close with the Governor's promise to **VETO** the measure, the fight is not likely over. Senator Kuehl (D-Santa Monica) has introduced similar proposals each session for the last few years and we do expect her to bring the proposal back during the 2007 – 2008 legislative session in some form or fashion. Additionally, we also expect to see proponents of a single-payer system bring the issue back in the form of a ballot initiative in 2008.

### **SB 1609 (Simitian): Reverse Mortgages: Annuities – Support as Amended – *SIGNED***

Governor Arnold Schwarzenegger has signed SB 1609 (Simitian), which will help protect seniors from unscrupulous lenders when they enter into reverse mortgages.

At its introduction, NAIFA-California was opposed SB 1609 because it would have restricted the sale of an annuity, by anyone, to a reverse mortgage borrower for an additional 30 days after the reverse mortgage transaction was completed. The language went far beyond the original intent of the bill and put an unfair burden on insurance agents and companies.

After working closely with the author and his staff, Senator Simitian agreed to amend SB 1609 to address our concerns. As amended, the bill addresses the issue of tie-in sales and staged referrals during the reverse mortgage transaction by allowing the borrower to complete the transaction, put the money in the bank, go home, and make any subsequent financial decisions they might want to make at a future date.

SB 1609 (Simitian) is a good senior protection bill. NAIFA-California is pleased that the Governor signed the bill into law.

### **AB 2387 (Vargas): Agent Education: Online Pre-licensing – Support**

Competing demands on time and geographical issues are just two of the concerns that affect today's agents when beginning the licensing process. The pre-licensing process in particular is time consuming, requiring prospective agents to spend countless hours, up to 6½ days, completing the pre-licensing requirements which are often facilitated in classroom locations that are difficult for rural agents to reach.

The coursework needed to prepare capable new agents to obtain a license should not act as a barrier to entry in to the profession. As such, AB 2387 would help eliminate the inefficiencies associated with pre-licensing by allowing fire and casualty broker-agents, personal lines broker agents, and life agents to complete their required pre-licensing coursework to be completed online.

NAIFA-California has strongly supported AB 2387 over the course of the year, as it would offer agents the flexibility to satisfy their pre-licensing education through self-study, online courses that would address the realities of today's online world. While the pre-licensing may be completed online, the examination would continue to be a proctored in-class examination in order to ensure the reliability and trustworthiness associated with the licensing process.

AB 2387 (Vargas) passed out of the Legislature and is now pending the Governor's action.

### **LIFE INSURANCE AWARENESS MONTH 2006**

In an effort to join the rest of the nation in helping to address the crisis of under-insurance, NAIFA-California is again proclaiming September as "Life Insurance Awareness Month" in support of the month-long public education campaign.

To commemorate and promote the educational campaign in 2006, Governor Arnold Schwarzenegger issued a formal proclamation deeming September 2006 as "Life Insurance Awareness Month." NAIFA-California appreciates the support of the Governor and the California Legislature in years past.

For more information regarding "Life Insurance Awareness Month," please visit <http://www.naifacalifornia.org/News&Events/LIAM/LIAM.htm> .

*If you have any questions regarding any of the topics mentioned in this report, or others not mentioned, please contact Shari McHugh or Dawn Sanders Koepke, Legislative Advocates for NAIFA-California, at 916/440-0850. Thank you!*